

HR 10612

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Multinationals' Bribes Curbed in Senate Vote

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The Senate yesterday voted to deny multinational corporations certain tax advantages on future profits from two kinds of transactions—those involving the payment of foreign bribes, and those involving acquiescence in a boycott such as the continuing Arab stricture against Israel and Jews.

The anti-bribe and anti-boycott provisions were adopted as part of the foreign taxation section of the general tax bill now on the Senate floor. The vote on the section was 86 to 11.

Earlier, the Senate voted 54 to 34 to amend the section to retain the present 30 per cent "withholding tax" on portfolio interest paid to foreigners.

The Senate Finance Committee had wanted to drop

this tax—at a cost to the Treasury of about \$25 million a year—as an added inducement to foreign investment in the United States.

Bank interest paid to foreigners is not subject to the current 30 per cent withholding, and would remain exempt under the Senate bill.

The Senate bill also would retain—with certain changes—the provisions of present law excluding from tax the first \$20,000 of income earned abroad by Americans who have lived outside the United States for certain periods.

The House bill with which the Senate legislation eventually will have to be reconciled in conference would drop this \$20,000 exclusion.